

1 John K. McKasson, Bar No. 138194
johnm@mckassonklein.com
2 Maria del Rocio Ashby, Bar No. 206282
mrashby@mckassonklein.com
3 **McKASSON & KLEIN LLP**
4 2211 Michelson Drive, Suite 320
Irvine, California 92612
5 Telephone: (949) 724-0200
6 Facsimile: (949) 724-0201

7 Attorneys for Plaintiff
MARKET PLACE SOLUTIONS, LLC

8 Guy Ruttenberg, Bar No. 207937
guy@ruttenbergiplaw.com
9 Michael Eshaghian, Bar No. 300869
mike@ruttenbergiplaw.com
10 **RUTTENBERG IP LAW,**
11 **A Professional Corporation**
12 1801 Century Park East, Suite 1920
Los Angeles, CA 90067
13 Telephone: (310) 627-2270
14 Facsimile: (310) 627-2260

15 Attorneys for Defendant
SUTRA BEAUTY, INC.

16 UNITED STATES DISTRICT COURT
17 CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION

18
19 MARKET PLACE SOLUTIONS, LLC,
a Wyoming corporation,

20
21 Plaintiff,

22 vs.

23 SUTRA BEAUTY, INC., a California
24 corporation; and DOES 1-10,

25 Defendants.
26

Case No.: 2:18-cv-07608-JFW (SSx)

Honorable John F. Walter

JOINT RULE 26(f) REPORT

Scheduling Conference

Date: Feb. 11, 2019

Time: 1:15 p.m.

Courtroom: 7A

1 Plaintiff MARKET PLACE SOLUTIONS, LLC (“Plaintiff”) and defendant
2 SUTRA BEAUTY, INC. (“Defendant”) hereby submit their Joint Report pursuant to
3 Rule 26(f) of the Federal Rules of Civil Procedure, Local Rule 26-1 and this Court’s
4 December 11, 2019 Order [ECF 13], as follows:

5 **1. SUBJECT MATTER JURISDICTION**

6 All parties have been served, and there are no issues regarding personal
7 jurisdiction or venue.

8 Plaintiff: This trademark infringement action arises under the Lanham Act, 15
9 U.S.C. §1051 *et seq.* and trademark laws of the State of California; this Court has
10 subject matter jurisdiction over the claims asserted by Plaintiff pursuant to 15 U.S.C.
11 §1121 and 28 U.S.C. 1331 and 1338(a).

12 Defendant: Defendant is investigating potential standing issues.

13 **2. STATEMENT OF PRINCIPAL FACTUAL ISSUES IN DISPUTE**

14 Plaintiff: Plaintiff owns the trademark SULTRA (“SULTRA Mark”), which
15 has been in continuous use since at least 2008 to market, sell and advertise luxury
16 hair curling irons, straightening irons and hair dryers throughout the United States.
17 The USPTO registered the SULTRA Mark on September 21, 2010 (U.S. Reg.
18 3,850,819). Popularity and sales of irons and other SULTRA Mark tools increased
19 quickly after introduction due to industry awards, extensive advertising and print and
20 TV exposure, and by 2012 sales were in excess of \$9 million.

21 Plaintiff alleges Defendant is using the confusingly similar marks SUTRA and
22 SUTRA BEAUTY (“SUTRA Marks”) to sell similar looking flat irons and other hair
23 tools of a lower quality. Plaintiff believes that Defendant adopted the SUTRA Marks
24 to deliberately deceive the public and sell similar but lower quality hair styling tools
25 to the same target customers and channels.

26 Defendant’s primary defense is that laches applies and they are thus allowed to
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1 continue to deceive consumers into buying their lower quality products. Defendants
2 argue Plaintiff knew or should have known about the infringing SUTRA Marks for
3 more than four years. Plaintiff's dispute this contention and notes that it filed suit: a)
4 less than four-years after receiving a detailed consumer complaint claiming to have
5 been "duped" into buying a SUTRA product, and b) less four-years from sending a
6 cease and desist letter to Defendant. Defendant has not yet revealed when it first
7 began selling flat irons and similar devices under the SUTRA Marks.

8 Plaintiff also notes that assuming laches applies (which is disputed), the legal
9 effect would be to give rise to a presumption of laches that Plaintiff would have to
10 overcome. Further still, if laches applied, Plaintiff contends the Court can still issue
11 injunctive relief if Defendant's use of the SUTRA Marks was a deliberate and
12 continued attempt to pass off its goods as those of Plaintiff's and thereby deceive
13 consumers. Plaintiff believes discovery will show Defendant was misleading the
14 public with untrue statements about who they are and when they first used the
15 SUTRA Marks (contrary to statements in its USPTO applications filed February
16 2015 and May 2017).

17 Defendant: Defendant obtained its own trademark registrations for the
18 SUTRA Mark (Reg. No. 5,279,174) and the SUTRA BEAUTY Mark (Reg. No.
19 5,500,549) (collectively, the Sutra Marks"). Defendant has been advertising and
20 selling products with the Sutra Marks for many years. Plaintiff and its predecessor-
21 in-interest have known about Defendant's Sutra Marks and its commercial activities
22 for more than four years (*i.e.*, beyond the laches period). Indeed, Plaintiff alleges (in
23 its Complaint ¶ 22) that its predecessor-in-interest sent a cease-and-desist letter to
24 Defendant in 2014, and yet Plaintiff and its predecessor-in-interest took no further
25 action until late 2018 when it brought this litigation out of the blue. Indeed, it
26 appears Plaintiff purchased the SULTRA Mark from its predecessor-in-interest with
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1 Plaintiff: Whether by its use of the SUTRA Marks Defendant engaged in
 2 trademark infringement under the Lanham Act, 15 U.S.C. §1114; unfair
 3 competition/false designation of origin under the Lanham Act, 15 U.S.C. §1125(a);
 4 and unfair competition and false advertising under Cal Bus. & Prof. Code §17200
 5 and 17500 et seq. As to Defendant's laches and other equitable defenses: when
 6 Defendant became aware of Plaintiff's SULTRA Mark; manner in which Defendant
 7 has used the SUTRA Marks, i.e., whether Defendant engaged in deliberate and
 8 continued attempt to pass off its goods as those of Plaintiff's; whether Defendant
 9 intended to deliberately deceive and confuse consumers.

10 Defendant: Disputed points of law include:

- 11 • Whether Plaintiff's claims are barred by the doctrines of equitable estoppel,
- 12 waiver, acquiescence, laches, or the applicable statute of limitations;
- 13 • Whether injunctive relief should be denied;
- 14 • Whether Plaintiff is the rightful owner of the SULTRA Mark with standing
- 15 to assert its claims;
- 16 • Where Plaintiff's marks are geographically or otherwise limited;
- 17 • Whether the SULTRA Mark is incontestable under 15 U.S.C. § 1065;
- 18 • Whether there is any legal basis for asserting Plaintiff's claims.

19 **4. PRIOR, PENDING AND ANTICIPATED MOTIONS**

20 Plaintiff: Plaintiff does not anticipate any motions at this time, but will be in a
 21 better position to determine if a motion for partial summary judgment or summary
 22 judgment is warranted as discovery progresses.

23 Defendant: Defendant is considering moving to bifurcate the case (including
 24 discovery and trial) to first try its laches and related defenses (see item 17, below).
 25 Defendant also expects to move for summary judgment regarding certain issues, but
 26 will be in a better position to determine if such motions are warranted as discovery
 27

1 progresses.

2 **5. ADDITIONAL PARTIES, CLAIMS AND DEFENSES**

3 Plaintiff: No additional parties, claims or amendment to the pleadings is
4 anticipated at this time, but Plaintiff reserves the right to seek leave to amend if
5 warranted by discovery and/or facts that may develop.

6 Defendant: Defendant is investigating counterclaims and additional affirmative
7 defenses, and expects to amend its Answer.

8 **6. INITIAL DISCLOSURES**

9 The parties agree that no changes should be made to the form or requirement for
10 disclosures under Rule 26(a). The parties will exchange Rule 26(a) initial disclosures
11 on or by February 7, 2019.

12 **7. DISCOVERY/RULE 26(f) PLAN FOR DISCOVERY**

13 **a. Status**

14 Plaintiff: Discovery has not commenced (pursuant to a court-approved stipulation
15 extending time to respond Defendant just filed its answer on January 18, 2019). It is
16 anticipated that written discovery and requests for production of documents will be
17 exchanged by the date of the Scheduling Conference or shortly thereafter, and any
18 depositions will be scheduled within 120 days thereafter.

19 Defendant: As a preliminary matter, Defendants have sought information from
20 Plaintiff as to the facts surrounding Plaintiff's first knowledge of infringement.
21 Given on-going settlement discussions, Defendant has been trying to obtain this
22 discovery informally, but Plaintiff has not been forthcoming.

23 **b. Scope of Discovery**

24 The parties agree the methods of discovery will include: (i) written discovery
25 (interrogatories, requests for admissions, requests for production of documents and
26 third-party document subpoenas); (ii) oral depositions of employees and/or agents of
27

1 the parties, Rule 30(b)(6) persons most knowledgeable and relevant third-party
2 witnesses. The parties agree to work out mutually acceptable deposition schedules.

3 Plaintiff: As to scope of discovery, Plaintiff anticipates discovery as detailed
4 above regarding the claims made in the Complaint, to include defendant's use of the
5 mark; likelihood of confusion/mistake/deception as to origin of Defendant's products
6 and/or affiliation with Plaintiff and Plaintiff's products; Defendant's commercial
7 advertising/promotion as to origin of Defendant's products. As to laches and other
8 equitable defenses, discovery regarding when Defendant became aware of Plaintiff's
9 SULTRA Mark; manner in which Defendant has used the SUTRA Marks, i.e.,
10 whether Defendant engaged in deliberate/continued attempt to pass off its goods as
11 those of Plaintiff; whether Defendant intended to deliberately confuse consumers.

12 Defendant: Defendant anticipates discovery to include: discovery as to
13 Plaintiff's standing to assert its claims; Plaintiff's acquisition of the Sultra Mark from
14 its predecessor-in-interest and the terms of any agreement for the same; Plaintiff and
15 its predecessor-in-interest's first knowledge of Sutra and/or the Sutra Marks; actions
16 or inaction by Plaintiff and its predecessor-in-interest since their knowledge of
17 Defendant and/or its Sutra Marks; Plaintiff's use of its own asserted mark; Plaintiff's
18 use of Defendant's Sutra Marks, including Plaintiff's attempts to create confusion by
19 using Defendant's Sutra Marks in Plaintiff's advertising; the lack of likelihood of
20 confusion, mistake, and deception as to origin of Defendant's products and/or
21 affiliation with Plaintiff and Plaintiff's products; and other equitable factors
22 precluding injunctive relief .

23 **c. Electronically Stored Information**

24 The parties are considering a joint protocol that governs the preservation and
25 production of ESI in this case.

26 **d. Privilege**

1 The parties agree to use the procedures in Rule 26(b)(5) for claims of privilege
 2 or subject to protection as trial preparation material. In addition, the parties anticipate
 3 that a protective/confidentially order will be required to protect proprietary and/or
 4 confidential business information.

5 **e. Changes in Discovery Limitations**

6 The parties do not request changes in the discovery limitations imposed under
 7 the Federal Rules of Civil Procedure or by local rule, except that Defendant may seek
 8 bifurcation (which Plaintiff opposes) as described below.

9 **8. RELATED CASES**

10 No related cases or proceedings are pending before another judge of this court
 11 or before another court or administrative body.

12 **9. RELIEF SOUGHT**

13 Plaintiff: seeks to enjoin Defendant from all infringing conduct relating
 14 Defendant's SUTRA Mark; an order directing Defendant to file with the Court and
 15 serve on Plaintiff's counsel a report in writing and under oath setting forth in detail
 16 the manner and form in which Defendant has complied with the injunction; an order
 17 that Defendant correct any erroneous impression persons may have derived
 18 concerning the nature, characteristics or qualities of Defendant's products and
 19 association/connection with Plaintiff and products bearing the SULTRA Mark; an
 20 order finding Defendant infringed the SULTRA Mark's federal registration and
 21 created a false designation of origin under the Lanham Act, and unfairly competed
 22 against Plaintiff under California law; and that Plaintiff be awarded its costs,
 23 attorney's fees and expenses incurred in this action.

24 Defendant: Defendant seeks an order that Plaintiff take nothing by way of its
 25 Complaint; that the Complaint be dismissed in its entirety with prejudice; that
 26 Defendant be awarded the cost of suit and attorneys' fees; and for such other relief as
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the Court deems just and proper.

10.CERTIFICATION OF INTERESTED PARTIES

The parties have filed the “Certification as to Interested Parties or Persons” required by the Local Rules, identifying the following:

Plaintiff:

Market Place Solutions LLC, a Wyoming Plaintiff
corporation

Dana Story, individual Prior connection to mark

Sultra Corporation, a California corporation Prior connection to mark

Defendant:

Market Place Solutions LLC Plaintiff

Sutra Beauty, Inc. Defendant

11.DISCOVERY, MOTION & TRIAL DATES

While the parties disagree on whether this case should be bifurcated (see item 17, below), the parties agree on the following dates should the Court decide against bifurcation to permit sufficient lead-time for settlement efforts currently underway (see item 13, below):

Last day for amending the pleadings: October 4, 2019;

Last day for fact discovery: March 6, 2020;

Last day for expert disclosures: April 6, 2020;

Last day for expert rebuttal reports: May 4, 2020;

Last day for expert reply reports: May 25, 2020;

Last day for expert discovery: July 1, 2020;

Last day for hearing dispositive motions: August 17, 2020;

Pretrial disclosures exchanged on or by: September 17, 2020;

Final pre-trial conference: October 1, 2020;

1 Trial: October 22, 2020.

2 Defendant: Defendant will likely seek a bifurcated litigation (see item 17,
3 below). Without affecting the dates identified above, Defendant proposes the
4 following dates for issues relating to Defendant's affirmative defenses and Plaintiff's
5 standing:

6 Last day for discovery: October 4, 2019;

7 Last day for hearing dispositive motions: November 4, 2019;

8 Pretrial disclosures exchanged on or by: December 4, 2019;

9 Final pre-trial conference: December 18, 2019;

10 Bench Trial: January 13, 2020.

11 **12.TRIAL**

12 The parties estimate 4-5 days for the final trial. In the event the Court adopts
13 Defendant's proposed bifurcation (which Plaintiff opposes), the parties estimate the
14 first bench trial would last 2-3 days, and the second (final) trial would last 3-4 days.

15 Plaintiff reserves judgment as to whether trial(s) will be a bench or jury trial,
16 pending further analysis of that issue and of any counterclaim or additional defenses
17 asserted in Defendant's potential amended answer.

18 **13.SETTLEMENT/ADR PROCEDURE SELECTION**

19 The parties are currently engaged in meaningful settlement discussions and
20 conceptual settlement points are being exchanged. The parties shall take it upon
21 themselves to actively continue settlement discussions and attempt to resolve all
22 issues short of trial. If unable to settle the matter the parties agree to participate in
23 mediation before a neutral selected from the Court's Mediation Panel (ADR
24 Procedure 2) pursuant to L.R. 16-15.4.

25 **14.COMPLEX CASE**

26 The parties agree this is not a Complex Case and the procedures in the Manual
27

1 for Complex Litigation are not required in this case.

2 **15.DISPOSITIVE MOTIONS**

3 Plaintiff: Plaintiff will be in a better position to determine if a motion for
4 partial summary judgment or summary judgment is warranted as discovery
5 progresses.

6 Defendant: Defendant expects to move for summary judgment regarding
7 certain issues, but will be in a better position to determine if such motions are
8 warranted as discovery progresses. Defendant may also move to dismiss the case for
9 lack of standing, pending discovery on that issue.

10 **16.UNUSUAL LEGAL ISSUES**

11 The parties agree that the case does not present unusual legal issues.

12 **17.SEVERANCE, BIFURCATION OR OTHER ORDERING OF PROOF**

13 The parties disagree regarding whether this case should be bifurcated. The
14 parties seek guidance from the Court regarding the preferred vehicle for presenting
15 this issue before the Court.

16 Plaintiff: Defendant requests bifurcation primarily based on its contention that
17 laches would be case-dispositive. In addition to disputing that laches applies, Plaintiff
18 disagrees that bifurcating this case pursuant to Fed. R. Civ. P. 42(b) into two phases
19 would best serve judicial efficiency. Plaintiff is not seeking monetary damages,
20 which narrows the issues on the complaint to the validity of Plaintiff's mark and
21 likelihood of confusion. Fact discovery on Plaintiff's infringement claims will largely
22 overlap with discovery key to Defendant's laches defense; namely, when Defendant
23 became aware of Plaintiff's SULTRA Mark, circumstances surrounding Defendant's
24 adoption of the SUTRA Marks; manner in which Defendant has used the SUTRA
25 Marks, i.e., whether Defendant engaged in deliberate and continued attempt to pass
26 off its goods as those of Plaintiff's, or intended to deliberately deceive and confuse
27 consumers. As noted earlier, Plaintiff contends that if the evidence shows Defendant

1 deliberately elected to pass off its goods as those of Plaintiff in an effort to confuse or
2 deceive consumers, the Court can issue injunctive relief even if laches applies.

3 Defendant: Defendant believes that bifurcating this case pursuant to Fed. R.
4 Civ. P. 42(b) into two phases would best serve judicial efficiency. The first phase
5 would focus on laches and related defenses that arise out of a common set of facts.
6 Given Plaintiff's long delay (over four years), there is a presumption of laches here
7 that would bar all recovery sought by Plaintiff. Defendants are also open to including
8 other threshold issues (such as standing) as part of this phase. Laches would be
9 decided by the Court. Determining this defense (which is likely to be case-
10 dispositive) would greatly conserve resources, as it would obviate the need for costly
11 fact and expert discovery and other liability issues. Indeed, expert disclosures would
12 be unnecessary if this defense resolved the litigation. Addressing the laches
13 questions first—in a relatively short amount of time—would also greatly facilitate
14 settlement between the parties.

15 Defendant received Plaintiff's contentions 22 minutes before the filing
16 deadline and has not had a chance to fully address Plaintiff's arguments. In any case,
17 there is no basis for Plaintiff's contention that Defendant somehow acted willfully in
18 allegedly deceiving consumers.

19 **18.ECF ACKNOWLEDGMENT**

20 Undersigned lead trial counsel confirm they are each registered as an "ECF
21 user" with the email address of record listed in the caption page.

22
23 Respectfully submitted,

24 Dated: January 28, 2019

25 /s/ John K. McKasson

26 John K. McKasson (lead trial counsel)

27 Maria del Rocio Ashby

28 **MCKASSON & KLEIN LLP**

Attorneys for Plaintiff MARKET PLACE
SOLUTIONS, LLC

Dated: January 28, 2019

/s/ Guy Ruttenberg
Guy Ruttenberg (lead trial counsel)
Michael Eshaghian
**RUTTENBERG IP LAW, A
PROFESSIONAL CORPORATION**
Attorneys for Defendant
SUTRA BEAUTY, INC.